



Republican Policy Committee

Don Nickles, Chairman Doug Badger, Staff Director 347 Russell Senate Office Building (202)224-2946

August 1, 1995

Clinton's Budget: It Looks Worse and Worse

Yesterday the President's Office of Management and Budget (OMB) released its mid-session review of the federal budget outlook. While it reneged on the promise to provide new details on Clinton's budget policies, it simultaneously showed that the outlook for this year has improved, to a \$160 billion deficit, but will worsen dramatically in the long-term under the Clinton budget. These new numbers underscore the most overlooked aspect of the current budget debate: **Not only does the President not ever balance the budget but he actually increases the deficit.** Even more amazing is the fact that this is not a new revelation but has been evident from day one.

The table below shows the history of the one-sided balanced budget debate:

PROJECTIONS BY FISCAL YEAR

[in billions of dollars]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Clinton's 1st 1996 Budget Request											
Deficit	193	197	213	196	197	194	n.a.	n.a.	n.a.	n.a.	n.a.
CBO's Reestimate of Clinton's 1996 Budget Request											
Deficit	177	211	232	231	256	276	n.a.	n.a.	n.a.	n.a.	n.a.
Congressional Budget Resolution for FY 1996											
Deficit ¹	175	170	152	116	100	81	33	(6)	n.a.	n.a.	n.a.
Clinton's June Budget Plan											
Deficit ²	190	183	194	169	156	135	116	85	54	21	(18)
CBO's Preliminary Reestimate of Clinton's June Budget Plan											
Deficit	n.a.	196	212	199	213	220	211	210	207	209	209

SOURCE: Congressional Budget Office, Office of Management and Budget, "The President's Economic Plan," released June 13, 1995; U.S. House of Representatives, "Concurrent Resolution on the Budget for Fiscal Year 1996".

NOTE: Numbers may not add due to rounding.

¹ The budget resolution projects a surplus of \$6 billion for Fiscal Year 2002

² OMB projects a surplus of \$18 billion in fiscal year 2005 in the President's 2nd 1996 budget request.

President Clinton's embarrassing history of increasing the deficit is as follows:

- In his first budget this year (Clinton I), he actually requested Congress to pass a budget that increased the deficit from \$193 billion in FY 1995 to \$194 billion in FY 2000 by his own estimation.
- When the Congressional Budget Office (CBO) — the President's own estimator of choice when he took office — did its own estimate of Clinton I, the deficit increase was even more staggering, going from a \$177 billion deficit to a \$276 billion deficit in FY 2000.
- Congress then proposed and passed its own budget that CBO verified would not just reduce the deficit in each year, not just eliminate the deficit in FY 2002, but actually produce a surplus of \$6 billion in seven years.
- With his second budget of June 13 (Clinton II), President Clinton attempted to eliminate the embarrassing oversight of having proposed a deficit-increasing budget. To do it he had to do two things: jettison CBO as the estimator, and continue to adhere to an inordinately high deficit estimate of \$190 billion for FY 1995 to avoid showing an increase in the deficit as early as the first year — FY 1996.
- Once again, CBO revealed the truth about a Clinton budget: Clinton II not only failed to balance the budget in any year but it actually increased the deficit from \$196 billion in FY 1996 to \$210 billion in FY 2002 when Congress' budget would show a surplus.
- Today's new short-run deficit estimates make tomorrow's long-run deficit look even worse under the Clinton II plan.

OMB Mid-Session Review, July 31, 1995 **Deficit/Surplus**

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
-160	-163	-179	-161	-146	-125	-91	-58	-23	7	41

- Even in his own fairy-tale forecasts, Clinton II would increase the deficit in each of its first two years and still leave a deficit above the current one at the end of its first three years.
- Even if you believed the President's estimates — which no credible source does — the White House would have you believe that in the first five years of Clinton II it was only able to reduce the deficit by a total of \$35 billion, or just seven billion per year.

- It then claims that Clinton II could not only eliminate a \$125 billion deficit in the next four years but also leave a \$7 billion surplus.
- That comes out to \$132 billion in four years (FYs 2001-2004) or roughly the same amount of deficit reduction **per year** (\$132 billion/4 years = \$33 billion) as was possible in the **entire first five years** (FY 1995's \$160 billion - FY 2000's \$125 billion = \$35 billion).
- Coincidentally, the first five-year deficit-toleration-period would coincide with a possible second Clinton term, while the \$132 billion reduction would fall into the period after Clinton would have to be out of office.

Not only does he not ever balance the budget but the new numbers make even clearer that President Clinton's plan still actually increases the deficit. This happens even when he abandons the nonpartisan CBO estimators and takes full license to manipulate the figures with his own OMB.

If — as expected — CBO also comes in with a similar deficit figure for FY 1995 of \$165-\$160 billion, due to savings from declining interest rates, **Clinton II will be increasing the deficit by an incredible 31.25 percent over the same seven years that Congress would eliminate it.**

The comparison between President Clinton and Congress could not be more clear. While Clinton takes the budget and "increases over infinity" the deficit, Congress "shows a surplus in seven."

This latest desperate Administration attempt to dig itself out of a deficit hole does not change a thing: President Clinton's budget plan still has no details and no balance.

Staff Contact: J.T. Young, 224-2946